

EMBARGOED UNTIL 7 APRIL 2008

4 April 2008

PRESS RELEASE

NO ANNUITY? NO PROBLEM!

Castletown-based actuaries **Boal & Co** have launched a new **pension drawdown arrangement**, to give local (and international) pension savers the opportunity to draw their pension from an Isle of Man personal pension scheme, without having to buy an annuity. The new **Balley Chashtal Drawdown Plan** takes full advantage of the increased retirement flexibility introduced by the Income Tax (Pensions) Bill with effect from April 2008, and importantly it fills a major gap in retirement provision caused by the withdrawal of Norwich Union from the Island last year.

Boal & Co have created a new range of **Balley Chashtal** (tr: Castletown) personal pension schemes, designed to provide pension solutions for Isle of Man-resident individuals (see separate press release). The schemes are trust-based arrangements, issued under a master trust, with Boal & Co (Pensions) Ltd as scheme administrator and trustee.

The Balley Chashtal No.2 Personal Pension Scheme links to **high-interest bank and building society accounts**. The Drawdown Plan is an innovative arrangement made under the Balley Chashtal No.2 Personal Pension Scheme, under which the individual's retirement fund is held in high interest bank accounts, and the capital and interest is combined to provide the member with a monthly pension in retirement. Rates of drawdown are set (and re-set) by Boal & Co on an actuarial basis, having regard to the age of the individual and prevailing interest rates from time to time.

The Drawdown Plan is available to individuals (and trustees) of both occupational (company) pension schemes and personal (private) pension schemes, as from 7 April 2008. Uniquely, the Plan facilitates drawdown (instead of annuity) for protected rights funds too.

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Boal & Co managing director **Gary Boal** (pictured) commenting on the new Balley Chashtal Drawdown Plan, said:

“As a firm we have over 10 years’ experience of operating pension drawdown for individual high-net-worth pension clients. The withdrawal of Norwich Union, the last remaining annuity provider, from the Island has created a void in the mainstream end of the market, and has increasingly brought real practical problems for members retiring from defined contribution company pension schemes. As trustees and administrators of such schemes, we see these problems on an all too frequent basis.

“The move by Government to remove the annuity requirement from ordinary personal pension schemes is therefore welcome. But it still needed a pension provider to step into the gap and provide a practical drawdown solution – both for individuals and for trustees. This is exactly what Boal & Co have now done, utilising our actuarial and pensions expertise in this innovative way. The drawdown arrangement is equally available to company pension scheme and personal pension scheme members. Even if you happen to be in an insured personal pension scheme, you no longer have to buy an annuity. There is an alternative option – drawdown - which for many people will be very appealing.

“The Balley Chashtal Drawdown Plan provides a pension in retirement, the amount of which is linked to interest rates on high-interest bank and building society accounts. Such interest rates, typically 6% pa or more at the present time, exceed the returns on fixed-interest securities, with the result that the Drawdown Plan can pay pensions which are higher than annuity rates (even if one could buy a local annuity in the first place). Unlike an annuity, though, any remaining funds on death are retained (less 7.5% tax) and can be distributed to the member’s estate on death.”

The Balley Chashtal No.2 Personal Pension Scheme (of which the Drawdown Plan is an arrangement) is fully:

- registered with the Insurance and Pensions Authority
- tax-approved by the Assessor of Income Tax
- approved for contracting-out purposes by the Department of Health and Social Security, and
- approved for UK-transfer purposes by HM Revenue & Customs.

The Balley Chashtal Drawdown Plan is very much aimed at the mainstream of the pensions market, and can accept funds of **£15,000 and upwards**. (For funds of less than £15,000, Income Tax permit trivial commutation, i.e. the fund can be drawn entirely as a lump sum, less tax.)

Being Isle of Man schemes, the pensions are paid at retirement net of IoM tax. The local tax of course benefits the local economy, and is good for Isle of Man plc.

Boal added:

*“The Drawdown Plan is fundamentally different to an annuity. It has many benefits, but it will not necessarily be suitable for all. It is important that individuals take proper advice on their own situation. The Balley Chashtal schemes, including the Drawdown Plan, are available through selected advisers, including **Edgewater Associates Ltd** of Douglas and Ramsey, who are delighted to be associated with the Balley Chashtal launch.”*

Individuals interested in learning more about the Balley Chashtal Personal Pension Schemes are invited to contact Boal & Co who can put them in contact with an adviser.

MEDIA ENQUIRIES

For further details, please contact:

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NOTES FOR EDITORS

1. Boal & Co is a firm of actuaries and consultants operating in the following consultancy disciplines:
 - a. Offshore Life Assurance
 - b. European Cross-Border Life Assurance
 - c. Isle of Man Pension schemes.
2. Boal & Co operate from offices in Castletown (Isle of Man) and Dublin (Ireland).
3. Boal & Co (Pensions) Ltd is registered with the Isle of Man Insurance and Pensions Authority as a Professional Schemes Administrator.
4. Boal & Co is a member firm of **Abelica Global**, a premier global consulting organisation. Abelica Global firms offer a wide range of financial consulting services relating to employee benefits, investment, insurance and healthcare, for a full spectrum of business sectors, including governments and financial organisations, in many countries around the world.